

PX 523.00

From: Brad Garlinghouse [REDACTED]@ripple.com>
Sent: Wednesday, June 24, 2020 4:05 PM
To: Ron Will
Subject: Re: XRP-O Supply - Proposed Solutions

Hey Ron,

Just seeing this now and tried to call you. Let me know a good time.

Best,
Brad

On Wed, Jun 24, 2020 at 10:56 AM Ron Will <[REDACTED]@ripple.com> wrote:
Brad

I saw Breanne responded already on some of the points below.

At the risk of dealing with something important by email instead of in-person, here we go - and if you thought the return to office email was long - get ready.

The XRP Markets team - since the days of my arrival, has been concerned about XRP supply and has highlighted it weekly - but it been a third-rail topic for you and Chris. Even at the time of [REDACTED] presentation earlier this year, there hasn't been a belief that supply was a significant issue for XRP.

Whether its Chris/Jed, Coil, [REDACTED] or Hard Yaka, which are the true drivers of supply - the ability to impact [REDACTED] of anyone at Ripple is always on the margin - and require some tough conversations and decisions about what our priorities are and the historic deals we have signed. Redacted - Privilege

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Redacted - Privilege The price decline in XRP in the past 6 months has only exacerbated the supply/inflation issue as [REDACTED] and [REDACTED] for example are \$ denominated - while the underperformance this year has only increased the scrutiny.

While the XRP Markets team has rarely (if ever) been looped in when any of the deals above were signed - or even by product on XRPO or XRPT until they are baked - when the supply, cost, renegotiation or litigation comes up - they have been very active to help reduce supply. Whether on Jed, [REDACTED] or [REDACTED] Breanne's team has been intimately involved, and either led or helped the legal, corp dev and BD teams in the structuring of the arguments or resolution of those transactions.

In addition, while it is clear we want to be aggressive, and what the role of Legal should be - the XRP Markets team is getting extensive (daily) feedback from Legal about all of their strategies related to XRP - which is limiting our ability to execute as well as discuss internally via emails/presentations. Given the existential nature of the regulatory conversations, that may have impacted the team too much in their idea generation. On

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In addition, since you have been clear that the XRP Markets meeting should only be about XRP dynamics, and you don't find it useful getting a monthly recap of XRP Markets activities (and emails are all discoverable) - or have historically had the calendar time available for an additional regular meeting - the team isn't always able to discuss alternatives or even explain their strategy and getting feedback except in a reactionary manner. Clearly we lay out OKRs each quarter - but I don't think those get the scrutiny and buy-in that they should during our QBRs. So that might be an area we need to fix with an additional XRP standing meeting of some kind going forward (the scoop).

On XRP-O, at the current run rate of \$6mm a week, XRPO is an additional 30M of XRP at \$0.20 XRP - but at the middle of February was 20M a week, and only some the other items above were similarly smaller, so the impact of XRPO - in conjunction with other supply - has been exacerbated by price declines. Redacted - Privilege

Redacted - Privilege

But putting tactics on XRPO recapture aside, we have about a \$20mm monthly burn rate - and have started XRP-O over 2 months later than projected - after budgeting \$300M in 2020.

In addition to the income statement impact of us going from over \$500M in XRP revenue last year to dramatically less this year (which colors how current and potential investor look at Ripple as it is perceived as increasing the time to monetize our XRP holdings as well as highlights the risk of our ability to monetize after 2 consistent years) - we are starting the year at over \$500M in cash and could end the year under \$200M with an extensive XRPO buyback plan - which has obvious optical and practical implications - including loss of financial flexibility to make investments, hire and grow.

On Breanne - after seeing Patrick, Miguel and Breanne head XRP Markets, I question whether anyone is going to be successful in the role as you have defined it. I think Breanne is actually quite good when given a chance - she is highly organized and motivated, a good leader for her team, thoughtful and gets stuff done. As we all know - Ripple is probably the most challenging place we have ever worked with at (a positive and a negative) - and XRP Markets is the sharp point of that spear, so something to consider as we think about how to structure that team going forward.

Happy to discuss further.

Ron

On Wed, Jun 24, 2020 at 6:04 AM Brad Garlinghouse [REDACTED]@ripple.com> wrote:
a couple of other thoughts on this:

- 1) on the topic of Breanne feeling empowered: I continue to feel like the leadership on all things XRP markets isn't coming from Breanne. Obviously I've missed some recent XRP markets meetings (or they didn't happen due to Ripple schedule) but it strikes me that this particular project didn't come from Breanne... I'd like to sleep at night thinking that she's the person that's thinking holistically and thoroughly about everything that's material to the XRP markets - whether we have an impact on them or not - and making

recommendations that will improve the liquidity / efficiency of those markets. To be clear, I'm glad we are going to test this as I think it's critical we understand how our behaviors are / are not impacting the markets... I just wish some of these ideas were emanating from her / her team.

2) While I'm supportive of starting quickly on this test, it's not clear to me that we have a sense of what 'success' looks like. Do we have a barometer (or two) that we'll be watching such that we learn something?

3) I don't even know how to think about what she means when referencing an A/B test. I'll reply to her on that - but it doesn't even make sense to me... there is only one XRP market. The problem we are trying to solve isn't between exchanges I don't think? maybe I'm missing something.

----- Forwarded message -----

From: **Breanne Madigan** <[REDACTED]@ripple.com>

Date: Wed, Jun 24, 2020 at 6:06 AM

Subject: Re: [REDACTED] - Proposed Solutions

To: Brad Garlinghouse <[REDACTED]@ripple.com>

Cc: Brad Garlinghouse <[REDACTED]@ripple.com>, Ron Will <[REDACTED]@ripple.com>

Thanks very much, Brad.

Redacted - Privilege

Best,
Breanne

On Wed, Jun 24, 2020 at 1:17 AM Brad Garlinghouse <[REDACTED]@ripple.com> wrote:

Hi Breanne,

I believe I'm generally in alignment here. What does it mean to do a 1-3 month pilot? how about one month and we have clear goals for information we expect to glean?

And have you run this by [REDACTED]

On Tue, Jun 23, 2020 at 5:52 PM Breanne Madigan <[REDACTED]@ripple.com> wrote:

Brad,

Thanks for reaching out today. We share concerns regarding new XRP supply in the market and will continue to explore ways we can counteract any negative impact. We've pulled together a few slides outlining our view on causes and proposed solutions / recommendations. We are also working with [REDACTED] to get her input tomorrow and will continue to iterate from here.

Please let me know if you would like to discuss further, and/or if we have your support to move forward with aligning internal stakeholders re: our short term recommendation, which is to buy back XRP directly from our market makers.

All my best,
Breanne

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Breanne Madigan
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